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Chairman

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PATRICIA D. PERKINS

DUNCAN E. KINCHELOE

HAROLD CRUMPTON

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
314 751-3234
314 751-1847 (Fax Number)
314 526-5695 (TT)

DAVID L. RAUCH
Executive Secretary

SAM GOLDAMMER
Director, Utility Operations

GORDON L. PERSINGER
Director, Policy & Planning

KENNETH J. RADEMAN
Director, Utility Services

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General Counsel

July 6, 1994

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RECEIVED

JUL 19 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**RE: CC Docket No. 92-77 - In the Matter of Billed Party Preference
for 0+ InterLATA Calls**

Dear Secretary:

Enclosed is an original and nine copies of **COMMENTS OF THE
MISSOURI PUBLIC SERVICE COMMISSION** for filing in the above-
referenced matter.

Please file stamp the extra copy for return to our office.
Thank you for your attention to this matter.

Sincerely,

Colleen M. Dale
Senior Counsel
314-751-7431

CMD:ck

Enclosures

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Billed Party Preference
for 0+ InterLATA Calls

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) CC Docket No. 92-77
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JUL 19 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS OF THE MISSOURI PUBLIC SERVICE COMMISSION

In its FURTHER NOTICE OF PROPOSED RULEMAKING ("Notice") in this docket, the Federal Communications Commission ("FCC") requested comments on its analysis of the costs and benefits of billed party preference ("BPP").

At the outset, the Missouri Public Service Commission ("MoPSC") wishes to reiterate its belief that billed party preference is a sound concept that should go forward with all deliberate speed. As we indicated in our comments two years ago, billed party preference should be implemented as quickly as possible, and we continue to hold that opinion. Our comments below address the specific questions set forth in the Notice.

I. The Benefits of Billed Party Preference are Significant and Warrant Implementation as soon as Practicable.

Access codes¹ have been in place for a sufficient length of time that consumer acceptance can be accurately gauged. Many customers, especially infrequent users of operator services, do not dial access codes and are not likely to begin dialing them. In

¹ See paragraph 10 of the Notice.

addition, because access codes are likely to be lengthened under the proposals now under consideration in Re: Administration of the North American Numbering Plan, CC Docket No. 92-237, consumer acceptance and use of access codes is likely to worsen, rather than improve.

Billed party preference may have a beneficial impact on competition within the local exchange.² It will likely shift the competitive arena away from Operator Service providers vying for premises owners to premises owners vying among themselves for the business of transient customers, thereby compelling the premise owner to emphasize customer convenience rather than focusing on commission payment structures. As access to payphones becomes a dimension of the main business of the premise owner, customer convenience with respect to the provision of operator services at payphones may become a factor that determines the premise owner's repeat business. Customer satisfaction will then become a force more strongly motivating the premise owner.

Insofar as MFS's assertion that BPP will create a bottleneck is concerned, we will assume that it will for the sake of argument. MFS's argument presumes that BPP will give local exchange carriers a quality or cost advantage over potential entrants in the supply of local exchange service and thereby tend to create a stronger local monopoly. However, that should not be viewed as undesirable. After all, what sense does it make to say that, because competition declined, we were made worse off as a nation when railroads replaced oxcarts?

² See Paragraph 35 of the Notice.

Billed party preference appears to be the best alternative we have seen for introducing greater competition into the operator services market.³ We believe that the proliferation of proprietary calling cards is an inferior substitute. Although there is competition among interexchange carriers to win calling card accounts, cardholders are still subject to the inconvenience of not being able to complete calls at telephones presubscribed to a carrier other than their card issuer. In light of this, we would encourage the FCC to reconsider its decision in Phase I of this Docket to refrain from compelling card issuers to honor validation requests from other carriers, if billed party preference is not adopted.

The Notice⁴ seeks comments on its analysis concluding that many callers could save a significant amount in operator service charges in a BPP environment and on whether the data in the TOCSIA Report reflects the current rate differentials between AT&T, MCI and Sprint and other OSPs. We agree that many callers could save money in a BPP environment, and we believe that the best indication of the potential savings is the differences among operator service surcharges and not the differences in average revenue per minute obtained from operator-assisted calls as published in the TOCSIA Report.

A 1992 survey of interLATA operator surcharges tariffed in Missouri is attached to our comments as Attachment A. Attachment A reveals that there are significant differences in surcharges among different companies for operator services. Station-to-station surcharges may be as little as \$0.50 or as much as \$1.75. Person-to-person surcharges vary from a low of \$1.50 to a high of \$4.00. Surcharges for credit card use range from \$0.25 to \$1.75. This

³ See paragraph 38 of the Notice.

⁴ See paragraph 11 of the Notice.

variation is only slightly diminished if the point of comparison is the surcharges of AT&T, MCI and Sprint rather than the extreme values. For example, AT&T, MCI and Sprint charge \$0.65, \$0.60 and \$0.50, respectively, for operator services when a credit card is used. These surcharges are much less than the \$1.75 assessed by Branson Telephone for the same service or the \$1.25 collected by Intellicall. We believe that such wide disparities could not persist in an environment of truly effective competition as promised by BPP.

II. Although Billed Party Preference may be Expensive, the Costs are Identifiable and are Outweighed by the Benefits.

We continue to assert that costs associated with BPP should be attributed to it, although we disagree that those costs are very large. As we noted in our previous comments, not all of the costs of SS7 should be borne by BPP; only the additional costs of OSS7 are directly attributable to BPP.⁵ Again there may be additional costs that are incurred solely to implement BPP, which should be attributed to BPP.

Our position on cost attribution, however, should not be taken as an endorsement of the practice of service-specific accounting. We agree with the FCC that cost should be used as a reference for pricing. If the question is, "Are the benefits of BPP worth the additional investment?", then the answer is to compare all of the revenues that can be earned with all of the costs, including all of the benefits that cannot be converted to cash, such as enhanced competition, lessened confusion and other externalities. After the decision

⁵ See Comments of the Missouri Public Service Commission, July 7, 1992, page 3. See also paragraphs 23 and 59 of the Notice.

has been made to implement, then the task is to price the resulting services as efficiently as possible. It would be a mistake to presume that the costs relevant to the decision to introduce a new technology or service are the same as the costs relevant to a much shorter term pricing decision, and it would be an even bigger mistake to attempt to keep track of outlays by service-specific accounts.

III. Billed Party Preference Should be Implemented on the Broadest Basis Possible Without Slowing Deployment.

It does not make sense to us that independent local exchange telecommunications companies should be exempt from implementing BPP. This is to be, after all, a national network. Further, as we believe that the actual cost of adding the equipment necessary to implement BPP is relatively small, such an exemption⁶ would be a detriment rather than a benefit.

We do not agree with the Operator Service providers and others serving prisons that BPP may increase opportunities for fraud and should therefore not be deployed to prisons.⁷ On the contrary, we agree with MCI that BPP will serve to reduce fraud. Although we will not deny the synergies of prison populations or their symbiosis with payphone providers, we can see no reason to deny those to whom prisoners may call collect the benefits of BPP. Furthermore, under BPP, as the carrier of the call will have a continuing customer

⁶ See paragraph 50 of the Notice.

⁷ See paragraph 51 of the Notice.

relationship with the person who will be paying the bill, the carrier will probably be more responsive to customer's billing complaints.

We continue to believe that customers who do not respond to BPP balloting should be defaulted to their 1+ carrier.⁸

The MoPSC continues to support allowing the Primary Carrier to designate the Secondary Carrier.⁹

For all these reasons, the MoPSC continues to believe that billed party preference will provide a benefit to consumers that will far outweigh the costs and urges the FCC to go forward with implementation as quickly and as widely as practicable.

Respectfully submitted,



Colleen M. Dale
Deputy General Counsel

Attorney for the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102
314-751-7431

July 6, 1994

⁸ See paragraph 67 of the Notice and page 7-8 of our July 1992 Comments.

⁹ See paragraph 68 of the Notice and page 6 of our July 1992 Comments.

Summary of Missouri Tariffed Operator Services and Credit Card Surcharges

10-Nov-92

Company Name	Operator Services				Credit
	Station to Station		Person to Person		Card
	3rd #	Collect	3rd #	Collect	Surcharge
1 Affinity Fund, Inc.					\$0.25
2 Allnet Communications Service, Inc.	\$1.75	\$1.75	\$3.50	\$3.50	
3 Alternate Communications Technology	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
4 AmeriCall Dial "O" Services	\$1.00	\$1.00	\$2.35	\$2.35	\$0.45
(IntraLATA Operator Services)	\$1.05	\$1.05	\$2.40	\$2.40	\$0.30
5 American Communications, Inc.	\$1.25		\$3.00		\$0.30
	Operator Svcs. available only billed to ACI credit card				
6 American Network Exchange	\$0.50	\$1.05	\$2.40	\$2.40	\$0.50
7 American Telephone Network, Inc.					\$0.50
8 Ameritax, Inc.					\$0.35
9 Aecom Audio Communications, Ltd.	\$0.50	\$1.05	\$2.40	\$2.40	\$0.50
10 ATC, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
11 AT&T	\$1.47	\$1.47	\$2.95	\$2.95	\$0.65
12 Branson Telephone	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75
13 Cable & Wireless	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
14 Convergent Comm. d/b/a Alumni Network					\$0.50
15 Corporate Telemanagement Group					\$0.55
16 Dial U.S.	\$0.50	\$1.05	\$2.40	\$2.40	\$0.30
17 Fiberline Network Communications	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
18 Intellectual Operator Services	\$1.70	\$1.70	\$4.00	\$4.00	\$1.25
(IntraLATA Operator Services)	\$1.10	\$1.10	\$2.40	\$2.40	\$0.65
19 International Telecharge, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
20 International Telecomm Exchange					\$0.55
21 InterNet Net Solutions	\$1.05	\$1.55	\$2.40	\$3.00	
22 LDDS of Kansas City	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
23 Long Distance Network, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$1.05
24 Network Svcs. d/b/a (Long Dist. Net. Svcs.)					\$0.55
25 LTB, Inc.			\$1.50	\$1.50	
26 Matrix Telecom					\$0.40
27 MCI	\$1.05	\$1.05	\$2.40	\$2.40	\$0.60
28 Metromedia Communications Corp.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
29 MidAmerican Long Distance Co.					\$0.70
30 Mid-Com Comm., Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.55
31 Midwest FiberNet					\$0.50
32 NON Communications	\$1.75	\$1.75	\$3.50	\$3.50	\$0.50
33 Norstan Network Services, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.25
34 Opticom	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
35 Phoenix Network Inc.					\$0.55
36 Prime Link Communications					\$0.35
37 Quest Communications, Corp.	\$1.47	\$1.47	\$2.95	\$2.95	\$0.65
38 Tel-Central of Jefferson City					\$0.55
39 Teleconnect Company, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
40 Telegroup					\$0.40
41 Telenational Communications Unlimited					\$0.25
42 Telenet Communications					\$0.55
43 United Telephone Long Distance	\$1.05	\$1.05	\$1.60	\$1.60	\$0.50
44 US Sprint Comm. Services, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
45 U.S. Long Distance, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
(IntraLATA Operator Services)	\$1.05	\$1.05	\$2.40	\$2.40	\$0.30
46 Value-Added Communications, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
47 Washington Hogan Company					\$0.50
48 WilTel, Inc.	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50
49 World One Communications	\$1.05	\$1.05	\$2.40	\$2.40	\$0.50

Operator Services				Credit Card Surcharge
Station to Station		Person to Person		
3rd #	Collect	3rd #	Collect	

Range	High	\$1.75	\$1.75	\$4.00	\$4.00	\$1.75
	Low	\$0.50	\$1.00	\$1.50	\$1.50	\$0.25